

# **FISCAL MEMORANDUM**

## **SB 4215 – HB 4218**

May 19, 2008

**SUMMARY OF AMENDMENT (018447):** Changes the total authorization for bond issuance from \$111,700,000 to \$141,400,000; authorizes the Department of Finance and Administration to issue bonds equal to \$29,700,000 for the purpose of acquisition of equipment, capital outlay, and for making grants to local governments, if such grants are approved by the State Building Commission.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$12,409,900 – 1<sup>st</sup> Year Debt Service

\$183,891,700 Over life of the bonds  
\$112,817,000 Principal  
\$71,074,700 Interest

(Funding for first-year debt service is included in the Governor's FY08-09 Recommended Budget)

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures - \$15,709,500 – 1<sup>st</sup> Year Debt Service**

**\$232,786,800 Over life of the bonds**  
**\$142,814,000 Principal**  
**\$89,972,800 Interest**

**(Funding of \$12,409,900 was included in the Governor's FY08-09 Recommended Budget for first-year debt service.)**

Assumptions applied to amendment:

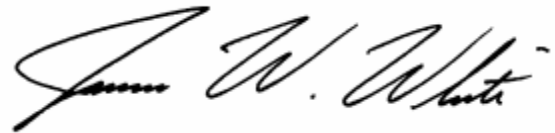
- All projects authorized by this act shall be approved by the State Building Commission.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.

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- Cost of issuance is estimated to be 1.0% of face value.
- Principal (\$141.4 million) plus 1.0% cost of issuance (\$1,414,000) is \$142,814,000.
- Bonds will be issued for a period of 20 years at an interest rate of 6% and 1/20<sup>th</sup> of the principal plus interest will be paid annually.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly distinguishable.

James W. White, Executive Director

/rnc